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April 23, 2013



The Honorable Greg Walden  
Chairman  
Subcommittee on Communications and Technology  
Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, DC 20515

The Honorable Anna Eshoo  
Ranking Member  
Subcommittee on Communications and Technology  
Committee on Energy and Commerce  
2125 Rayburn House Office Building  
Washington, DC 20515

### **SUPPORT THE LIFELINE PROGRAM**

Dear Chairman Walden, Ranking Member Eshoo, and Members of the Subcommittee on Communications and Technology:

On behalf of The Leadership Conference on Civil and Human Rights, a coalition charged by its diverse membership of more than 200 national organizations to promote and protect the rights of all persons in the United States, we thank you for the opportunity to submit our views regarding the Lifeline program and ask that this statement be entered into the record of the Subcommittee hearing entitled "The Lifeline Fund: Money Well Spent?" scheduled for Thursday, April 25, 2013. Because communications technology is most valuable to everyone when it reaches all potential users, Congress has promoted the policy of "universal service" since passage of the Communications Act in 1934. We support continuation of this policy today—in the form of Lifeline support for low-income people—modernized to the new technologies of the twenty-first century.

### **Lifeline Supports Essential Telephone Access**

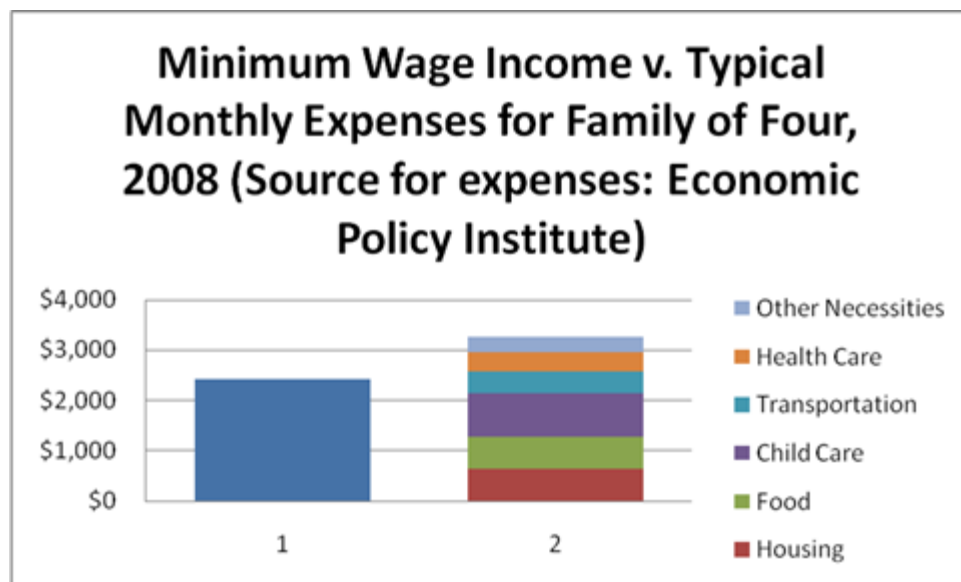
Created in 1984 under President Reagan, the Lifeline program supports low-income people's access to telephone service, whether they use either wireless or traditional technology. In 2012, about \$2.2 billion, or one-quarter of the total \$9 billion spent on universal service, was spent on the program targeting low-income people. Of the total 440 million lines supported by universal service, 16 million are in the Lifeline program.

Today, more than ever before, access to telephone service is essential for all people who seek to reach emergency services, earn a living, improve their education, receive health care, or engage in civic society. Contacting the fire department, getting a job, making a doctor's appointment, or managing any aspect of daily life would be virtually impossible if one had to

be physically present to communicate with others. Though today, a telephone is increasingly a sub-standard mechanism to support daily needs, falling far behind the utility of a high speed broadband Internet connection in quality and convenience, it is clear that without a voice telephone, many individuals would be unable to work, care for their families, or improve their socio-economic status.

### **Lifeline Support is Critical for People in Poverty**

Currently the Federal Communications Commission's Lifeline program is available to individuals who are at, or below, 135 percent of the federal poverty guideline. In 2013, the federal poverty guideline is \$23,550 for a family of four; thus, to be eligible for Lifeline, a family of four would need to earn less than \$31,790 per year. As we explained in our comments to the Commission, such a family would still be earning well short of the minimal economic security salary of \$42,106, which the Economic Policy Institute (EPI) has determined represents "the pre-tax annual family income ... required to maintain a safe but modest standard of living."<sup>1</sup> Using EPI's data, we constructed a chart comparing the monthly needs for financial security of a family of four in Oklahoma in 2008, and the amount a worker could earn at 40 hours per week at minimum wage.<sup>2</sup>



1- Minimum wage Income; 2- EPI economic security threshold

Families in poverty spend every day balancing among a number of unmet needs, including groceries, rent and mortgage payments, health care, child care, and other needs. Every contribution toward their overall

<sup>1</sup> James Lin and Jared Bernstein, Economic Policy Institute, *What We Need to Get By*, EPI Briefing Paper #224 (2008) available at: <http://www.epi.org/publications/entry/bp224/>. The calculator is available at: [http://www.epi.org/content/budget\\_calculator](http://www.epi.org/content/budget_calculator).

<sup>2</sup> See Economic Policy Institute, Basic Family Budget Calculator, Two parents, two children, Oklahoma City, OK HUD Metro FMR Area. [http://www.epi.org/content/budget\\_calculator/?family\\_type=2P2C&state=OK&area\\_name=Oklahoma+City%2C+OK+HUD+Metro+FMR+Area](http://www.epi.org/content/budget_calculator/?family_type=2P2C&state=OK&area_name=Oklahoma+City%2C+OK+HUD+Metro+FMR+Area).

economic security is an important element of the social safety net. Lifeline is a critical tool for our most vulnerable populations.

### **Mobile Telephone Access is Essential for Low-Income People**

In 2005, partially in response to the devastation wrought by Hurricane Katrina, the Bush administration expanded the manner in which the Lifeline program supports wireless telephone service. As explained by Professor David Super to the Commission during its Lifeline proceeding in 2011,<sup>3</sup> Lifeline mobile support complements and supports the federal policies designed to promote work, rather than public assistance, as the primary means of support for low-income people.

Mobile phones play an important, even essential, role in low-income workers' lives. For example, low-income people often must work multiple low-wage jobs that are scheduled using shifts; and must often obtain additional shifts beyond their regular schedules to meet their minimum economic needs. A worker's access to a mobile phone is critical in order to be available at any time to take on additional work. In addition, mobile phones are important for people who rely on public transportation, which is often not as reliable as private transportation. Mobile phones are also important for low-income workers who typically rely on informal child care arrangements, which are less consistent and often require last-minute changes to meet the caregiver's and child's needs.

In addition, Lifeline mobile support helps facilitate the administration of programs such as SNAP (formerly known as food stamps), Medicaid, and other anti-poverty programs. Federal benefits programs administered by the states have taken advantage of new technologies, using automated administration to provide more accurate and efficient service. This often means that recipients need to routinely check in by phone to a state-wide call center to participate in hearings or conduct eligibility verification interviews.

In sum, the increasing scarcity of public pay phones means that without a mobile phone, low-income people cannot always be responsive to their employers, their children, and their caregivers, or the eligibility requirements of federal benefit programs.

### **Reforms to End Waste Fraud and Abuse Should Not Harm Vulnerable Populations**

We strongly support efforts to ensure that telephone companies are not using Lifeline funds for ineligible people or for substandard services. The reforms the Commission adopted in 2012 are strict and go to the heart of prior abuses. Every applicant for the program must provide proof that he or she is eligible for the program before obtaining service. For the first time, carriers are required to explain to potential subscribers that Lifeline is a federal program. Each company that obtains reimbursement through the program must sign a statement every month, under penalty of perjury, that the company is providing service to eligible consumers.

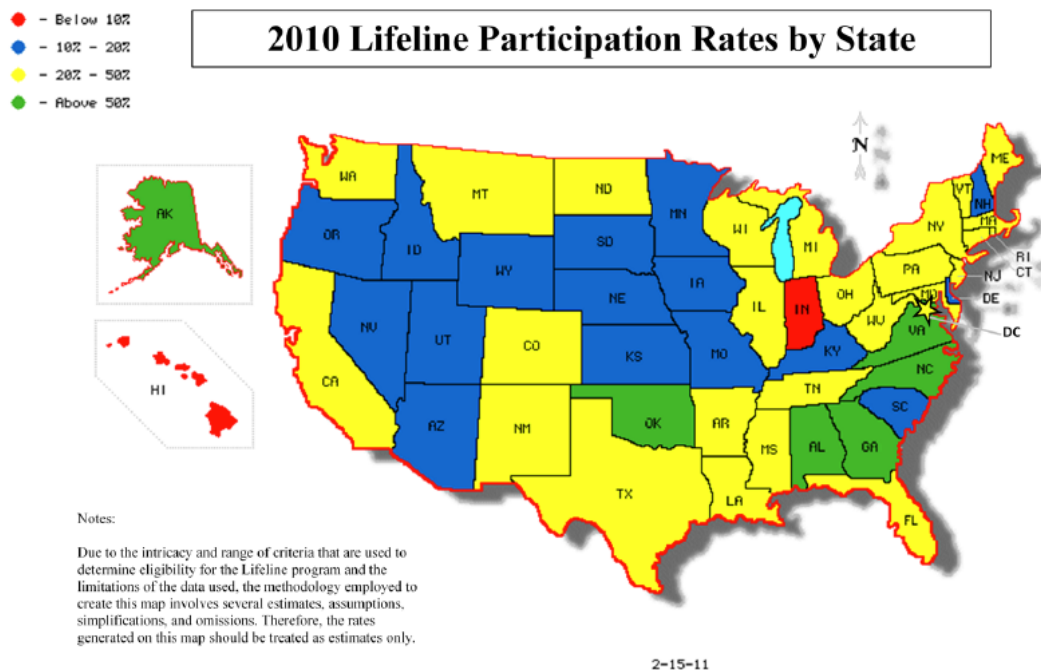
Focusing on the overall size of the fund is not an accurate way to monitor waste, fraud and abuse. Some of the recent increases in enrollment and expenditures are likely due to increased need caused by the recent economic downturn, not fraud and abuse. Further, the Commission's new definition of "household" more accurately captures the economic circumstances of low-income people—recognizing

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<sup>3</sup> See Letter from Prof. David Super, Georgetown University to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Docket 11-42 (filed Nov. 7, 2011), available at: <http://apps.fcc.gov/ecfs/document/view?id=7021747028>.

that often multiple families share a single address in difficult economic times. For these reasons, while we supported some reform of the Lifeline program, we strongly discouraged the Commission from adopting a hard cap.

We note that, for its entire existence, the Lifeline program has been underutilized. For example, according to a 2009 study, 25.7 million households qualified for Lifeline support, but only approximately 8.2 million households were enrolled, resulting in a low participation rate of approximately 32 percent.<sup>4</sup> The map below shows the most recent participation rates estimated by the Universal Service Administrative Company (USAC) in 2010. Only a handful of states are above 50 percent. The most recent poverty numbers estimate that the current poverty rate is 15 percent, reflecting 46 million people. This data indicate that, even at 16 million participants, Lifeline is only reaching a fraction of eligible households.



We believe that even more reforms are possible to improve the program but not harm the population it intends to serve. In our filings before the Commission, we asked it to consider a number of additional changes:

- Expand the program to support broadband services;
- Create a portable electronic benefit for Lifeline participants;
- Develop financial incentives for states that adopt pro-efficiency reforms;
- Adopt financial penalties for carriers that miss appropriate targets;

<sup>4</sup> Universal Service Administrative Company, *Lifeline Participation Rate Study* (2009).



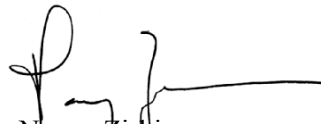
- Utilize existing databases housed at the state level to verify eligibility, rather than develop new and costly databases which will likely undermine privacy protections; and
- Adopt minimum quality controls for Lifeline-eligible services, such as a minimum monthly minute allotment.

In sum, we strongly support the existing Lifeline program, including its technology-neutral policy to support both wired and wireless services. We look forward to working with the Subcommittee and the Commission to ensure that the nation's most vulnerable populations have affordable access to the tools essential for daily living in the information age. Thank you for considering our views. Please contact Leadership Conference Media/Telecommunications Co-Chair Cheryl Leanza, UCC O.C., Inc., at 202-841-6033 or Corrine Yu, Leadership Conference Managing Policy Director at 202-466-5670, if you would like to discuss the above issues or any other issues of importance to The Leadership Conference.

Sincerely,



Wade Henderson  
President & CEO



Nancy Zirkin  
Executive Vice President